

29. After 18 months of testing, Cablevision rolled out its Optimum Online cable modem service in December 1996 to 15,000 homes in Oyster Bay.⁴⁴ The company has announced firm plans to offer service to over 150,000 homes in Long Island and Connecticut by the end of 1997.⁴⁵ The company predicts it will actually serve 5 to 10 percent of each market within 12 months.⁴⁶ Cablevision also announced its “plan for the Tri-State area” including the expansion of Optimum Online’s high-speed data transmission services to area businesses, residents, and educational institutions, and the availability of its first HDTV channel which will deliver 3 times the screen size and resolution of analog television.⁴⁷

30. Wireless data providers are also rapidly expanding their operations, driven by increased user demand for “anytime/anywhere” computing.⁴⁸ DBS satellite providers already

⁴⁴Jon Lafayette and Lee Hall, *Cablevision Takes Fast-Track to Online With Optimum*, Electronic Media, Jan. 2, 1997, at 14.

⁴⁵Jon Lafayette and Lee Hall, *Cablevision Takes Fast-Track to Online With Optimum*, Electronic Media, Jan. 2, 1997, at 14.

⁴⁶Jon Lafayette and Lee Hall, *Cablevision Takes Fast-Track to Online With Optimum*, Electronic Media, Jan. 2, 1997, at 14.

⁴⁷Cablevision advertisement, N. Y. Times, June 11, 1997, at A26.

⁴⁸The wireless data services market is expected to increase five-fold by 2001 from a revenue base of about \$2.5 billion today. F. Blackwood, *Getting Unwired*, San Francisco Business Times, Dec. 20, 1996, at A14. These services include: sending, receiving, and manipulating messages; sending and receiving faxes; Internet and information services access; file transfer; remote access (for office workers); sending and receiving information from field workers (e.g., taxicab and trucking companies); remote inventory and diagnostic services; and credit card verification. See MultiMedia Telecommunications Association, 1996 MultiMedia Telecommunications Market Review and Forecast 174 (1996).

offer high-speed nationwide Internet downlinks to residences and businesses alike via pizza-sized dishes.⁴⁹ RAM and ARDIS offer data services over SMR frequencies in New York.⁵⁰

⁴⁹Hughes' DirecPC data transmission service, for example, provides a 400 kbps Internet downlink via DBS transponders. Patrick Flanagan, *Hughes Unveils High-Speed Wireless Internet Product*, Telecommunications, July 1995, at 12.

⁵⁰S. Velasquez, *ARDIS Service, From ARDIS*, Internetwork, July 1995, at 23; *Mobitex, from RAM Mobile Data*, Internetwork, July 1995, at 23. Many others have licenses suitable for more specialized types of wireless messaging, video, data, and paging. In the PCS narrowband spectrum, providers such as MCI, AirMedia, Ex Machina, and PageNet already offer or have immediate plans to offer two-way paging and one-way alphanumeric messaging in Manhattan. *The Manhattan of Spectrum Real Estate*, Wired, Apr., 1997; M. Moore, *2-Way Paging Goes Forward*, PC Week, June 2, 1997, at 128; G. Mannes, *Talk to Me: New Pagers Let You Listen to Messages Anywhere - and Send One Back*, Popular Mechanics, Feb. 1996, at 59; *CNN and Air Media Form Strategic Partnership to Provide "The CNN Channel" Over AirMedia Live*, Business Wire, Nov. 18, 1996.

OVERVIEW OF COMPETITIVE FACILITIES IN NEW YORK

31. The maps on the following pages show the deployment of CLEC facilities in New York, including local switches, local fiber, and interexchange carrier Points of Presence (POPs). As explained above, the switch locations come from the LERG database; fiber routes were determined by using promotional materials obtained from the CLECs themselves. Locations of interexchange POPs were taken from a database created by the Center for Communications Management Information (CCMI),⁵¹ which bills itself as the “nation’s oldest and largest provider of telecommunications rate and regulatory information.”⁵² Using these sources, I was able to identify some 2,720 miles of competitive fiber, 85 competitive switches, and 32 interexchange POPs. The longitude and latitude coordinates provided by the LERG and CCMI were then used to plot switch locations; fiber routes were traced using the promotional materials as a guide.

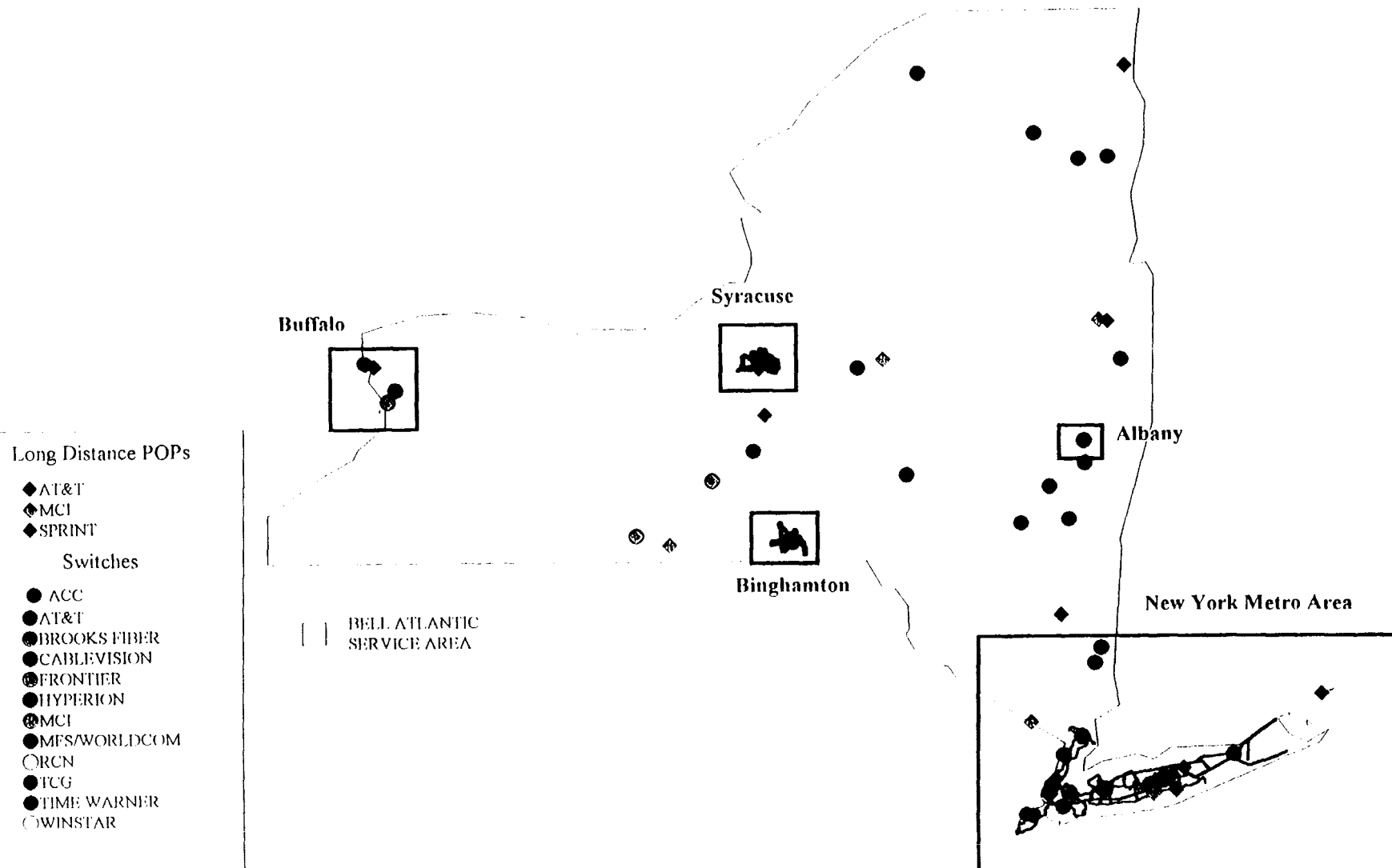
Goldberg Maps 1 - 6.

⁵¹Center for Communications Management Information, U.S. Long-Distance Carrier POP Database, Dec. 1996 (*CCMI*).

⁵²Center for Communications Management Information, Telecommunications - CCMI Home Page, <http://www.ucg.com/ccmi/home.htm> (downloaded Oct. 21, 1997).

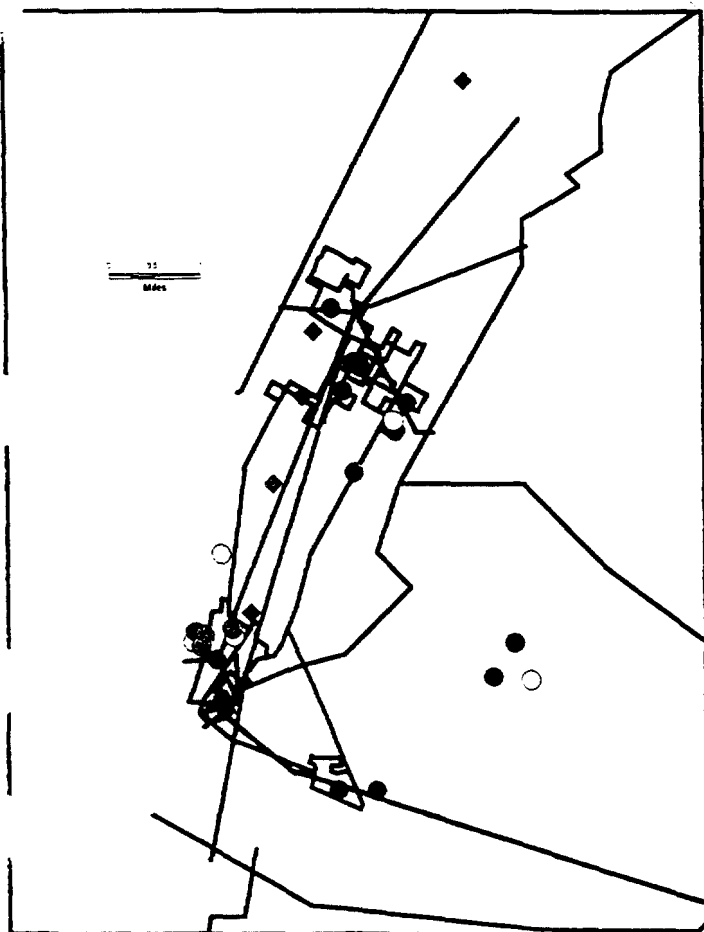
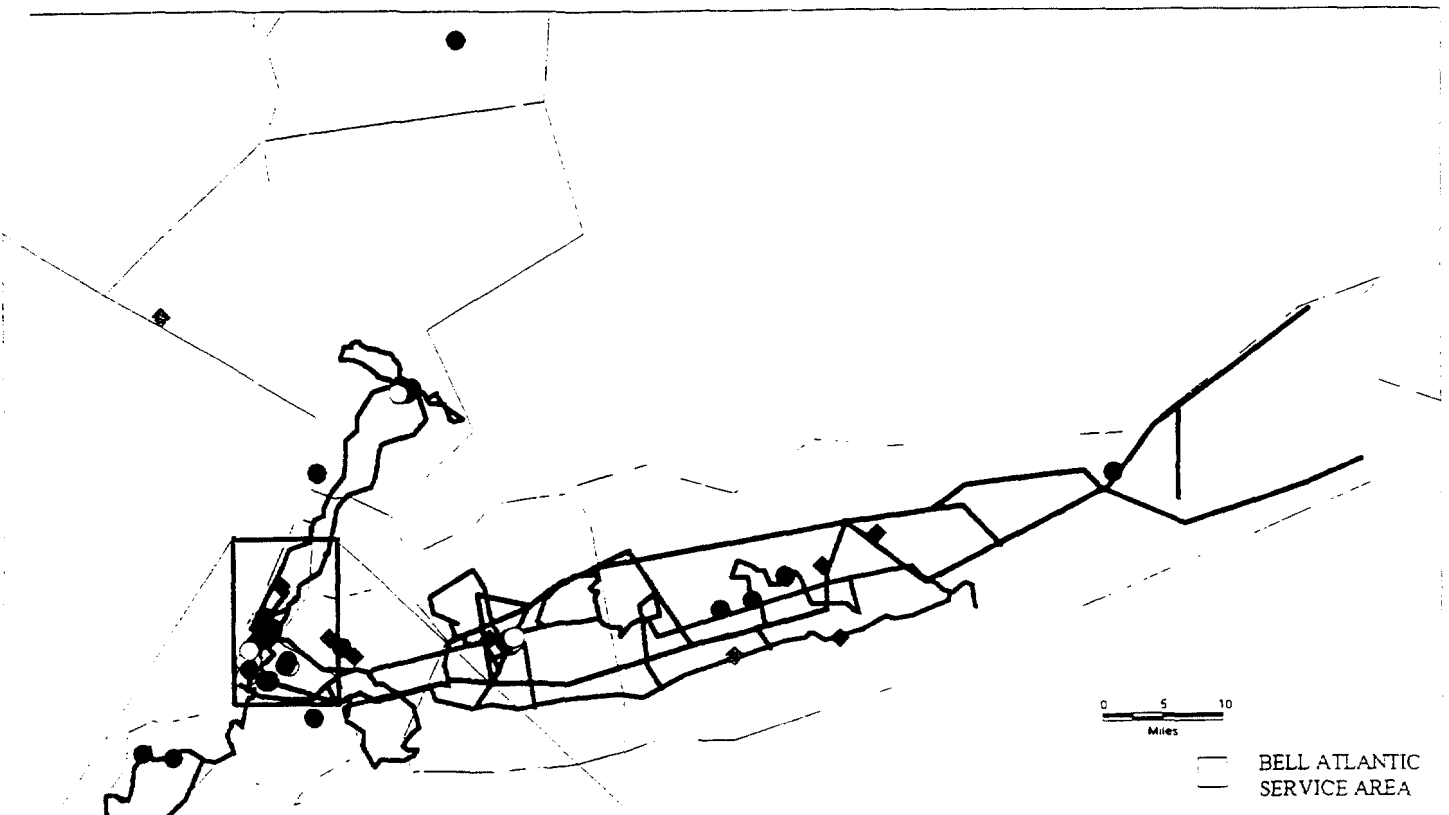
Goldberg Map 1

Competitive Facilities in New York State



Goldberg Map 2

Competitive Facilities in the New York Metro Area



Switches

- ACC
- AT&T
- BROOKS FIBER
- CABLEVISION
- FRONTIER
- MCI
- MFS/WORLDCOM
- ORCN
- TCG
- TIME WARNER
- WINSTAR

Long Distance POPs

- ◆ AT&T
- ◆ MCI
- ◆ SPRINT

Fiber

- CABLEVISION
- MFS/WORLDCOM
- TCG

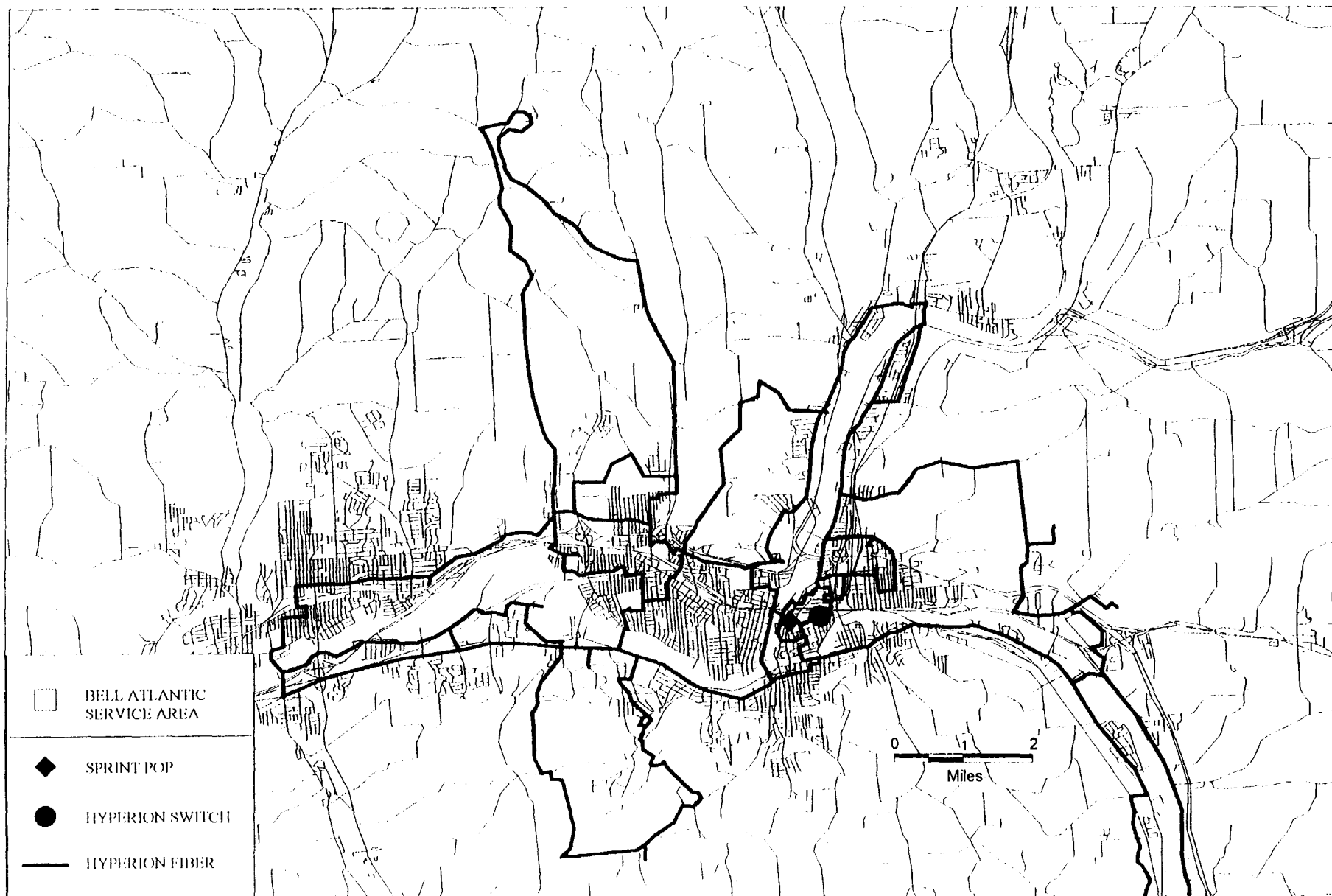
Goldberg Map 3

Competitive Facilities in Albany



Goldberg Map 4

Competitive Facilities in Binghamton

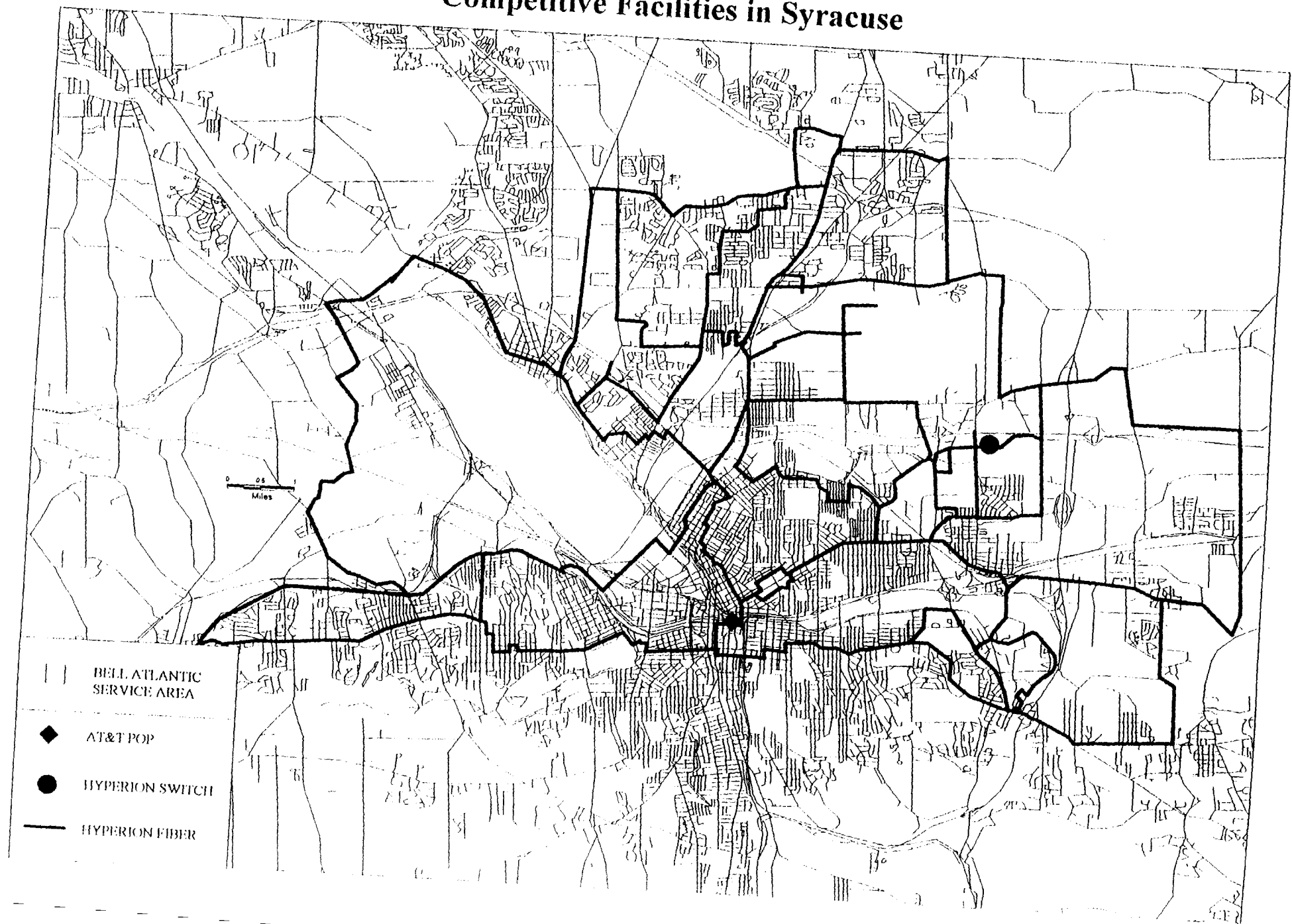


Goldberg Map 5

Competitive Facilities in Buffalo



Goldberg Map 6 Competitive Facilities in Syracuse



SELECTED COMPETITORS IN NEW YORK

MFS/WorldCom/MCI

32. MFS was founded in 1987 and today is reported to be the largest competitive access provider in the United States. On August 26, 1996, WorldCom — one of the nation's largest long-distance carriers — announced that it was purchasing MFS, creating the entity MFS/WorldCom.⁵³ Bernard Ebbers, President and CEO of WorldCom, stated at the time that the combination created “the first company since the breakup of AT&T to bundle together local and long-distance services carried over an international end-to-end fiber network, owned or controlled by a single company.”⁵⁴ As of early 1996, MFS reportedly had 5,000 business customers in the New York metro area alone.⁵⁵ This number was expected to increase at a rate of 25 percent per year.⁵⁶

⁵³Farrell Kramer, *WorldCom Agrees to Buy MFS Communications in \$14 Billion Telecom Merger*, The Associated Press, Aug. 26, 1996. The merger closed on December 31, 1996. WorldCom, 1996 Annual Report 39 (1997). In 1994, MFS had acquired RealCom Office Communications, at the time the second largest provider of STS services in the U.S. MFS, 1994 Annual Report 37 (1995).

⁵⁴Jon Van, *Phone Giants Merge; WorldCom, MFS Deal Is 5th Biggest*, Chicago Tribune, Aug. 27, 1996, at 1.

⁵⁵Daniel Gross, *Telecom Bill Doesn't Have Same Ring in NY*, Crain's New York Business, Apr. 29, 1996.

⁵⁶Daniel Gross, *Telecom Bill Doesn't Have Same Ring in NY*, Crain's New York Business, Apr. 29, 1996.

33. MFS began offering business services over its New York City network in 1991⁵⁷ and has continued to expand its network ever since.⁵⁸ MFS and BA-NY signed an interconnection agreement covering New York dated June 25, 1996.⁵⁹

34. MFS has been aggressively deploying new switches and now operates 7 local switches in the New York metro area, including 4 in Manhattan and one in White Plains.⁶⁰ It also serves Albany and Buffalo with one switch each and has deployed an additional switch in Pawling, New York.⁶¹

35. According to one market study, MFS's local transmission network in New York City consists of nearly 100 miles of fiber with nearly 200 buildings on-net.⁶² In Manhattan, MFS thoroughly covers the downtown and midtown areas, with 92 percent of all businesses on the island within one-half mile of its network.⁶³ MFS's New York metro area network extends from

⁵⁷New Paradigm Resources Group, Inc. and Connecticut Research, 1997 Annual Report on Local Telecommunications Competition 450 (8th ed. 1997) (*Connecticut Research*).

⁵⁸MFS stated before the NYPSC that it provides "dial tone line services in competition with NYNEX's own basic residential and business line services." Joint Comments of MFS Intelenet of New York, Inc., Hyperion Telecommunications, Inc. and Residential Communications Network, Inc. Regarding Resale and Unbundling at 2 (NYPSC Apr. 9, 1996).

⁵⁹The agreement was approved by the NYPSC on October 3, 1996. MFS is certified to provide local exchange service to residential and business customers throughout the state. Order Issuing Certificate of Public Convenience and Necessity and Approving Expedited Proceeding and Related Waivers, Petition of MFS Intelenet of New York, Inc. for a Certificate of Public Convenience and Necessity to Operate as an Other Common Carrier of Telephone Service in New York. Petition for Expedited Proceeding and Related Waivers, Case 92-C-0803 (NYPSC Mar. 17, 1993); Order Issuing Certificate of Public Convenience and Necessity, Petition of MFS Intelenet of New York, Inc. for a Certificate of Public Convenience and Necessity to Resell All Forms of Telephone Service in New York, Case 92-C-0803 (NYPSC Mar. 2, 1993).

⁶⁰LERG.

⁶¹LERG.

⁶²*Connecticut Research* at 450. The term "on-net" refers to buildings actually connected to the fiber ring.

⁶³MFS Intelenet promotional material, map of fiber route in Manhattan, Public Network Interconnection Switches.

Manhattan into Brooklyn and reportedly passes some one-half million residential customers.⁶⁴ MFS also operates a network in White Plains.⁶⁵ Together, MFS networks pass 52 percent of all businesses in the New York metro area.

36. The carrier also operates a local network in Albany⁶⁶ covering the downtown area along the riverfront. MFS has a fiber network in downtown Buffalo, the bulk of which runs north to south along Main Street. Its networks are within a half-mile of nearly 40 percent of all Albany businesses and 14 percent of all Buffalo businesses.⁶⁷ **Goldberg Map 7.**

⁶⁴*RCN Starts Phone-Cable Offering*, BC Cycle, July 10, 1996. The company has announced plans to significantly increase its reach in New York through the construction of the "Infothruway" along the New York Thruway. The 542 mile project, which will connect Buffalo, Syracuse, Albany, and the New York metro area, is expected to be completed by the end of the year. WorldCom Press Release, *Construction Begins On The New York State "Infothruway,"* Apr. 3, 1997; *Fonorola and MFS to Build Fiber Network in NY*, Telecommunications Alert, Feb. 24, 1997.

⁶⁵*Connecticut Research* at 450.

⁶⁶MFS/WorldCom began offering service in Albany in 1994. The company now has 9 route miles and 22 buildings on-net there. *Connecticut Research* at 449.

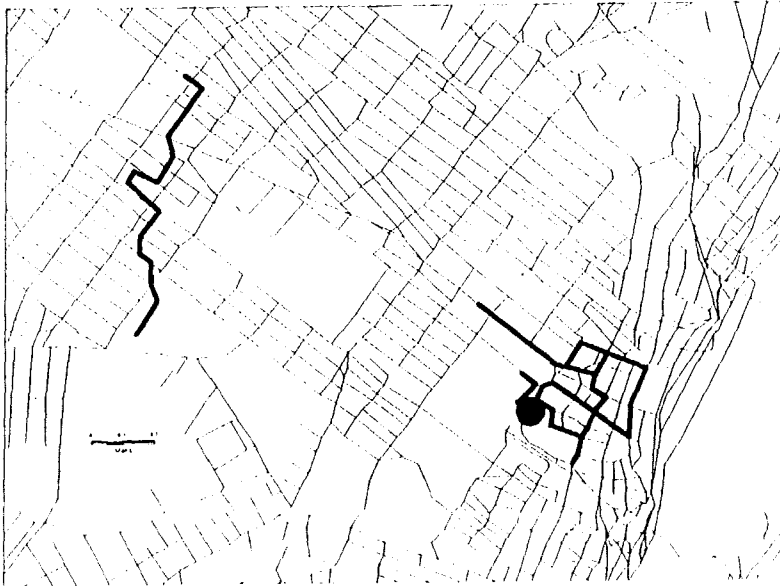
⁶⁷MFS Intelenet promotional material, maps of fiber networks in Albany and Buffalo.

Goldberg Map 7

MFS/WorldCom Facilities in New York

- SWITCH
- ◆ POP
- FIBER

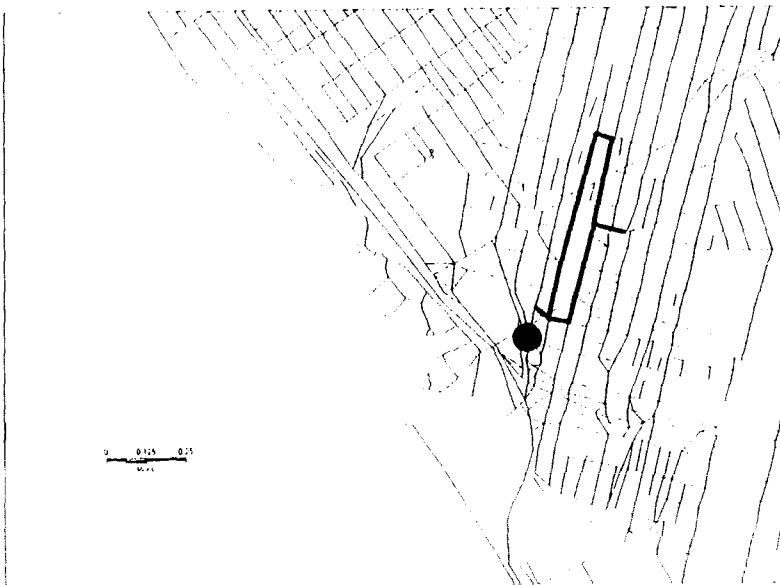
Albany



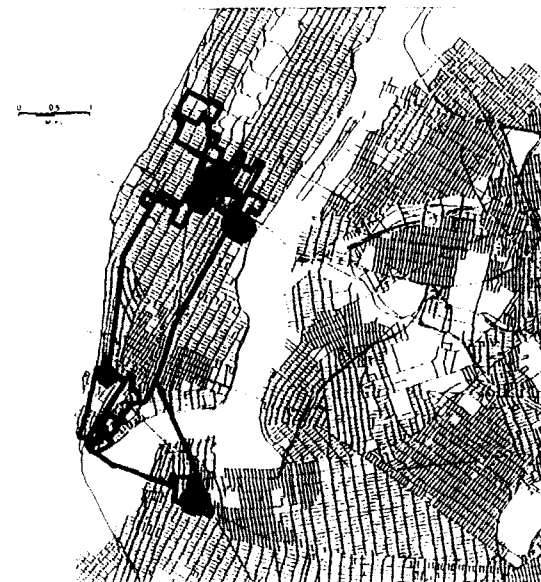
White Plains



Buffalo



New York City



37. WorldCom is in the process of acquiring Brooks Fiber⁶⁸ and recently announced its intention to purchase MCI.⁶⁹ Brooks Fiber claims to be the "fastest-growing CLEC in North America" and has networks either operational or under construction in 44 cities nationwide.⁷⁰

38. Brooks Fiber is reportedly in the process of building a \$20 million fiber network, consisting of a SONET fiber ring and a Lucent 5ESS central office switch, in White Plains.⁷¹ The company plans to complete this network, and a similar one on Long Island, by the end of this year,⁷² and expects to be able to "establish a significant position in each of these markets in a relatively short period of time."⁷³

39. The proposed combination of WorldCom and MCI could have enormous competitive implications in New York's local exchange market. MCI, the nation's second

⁶⁸Brooks Fiber Press Release, *WorldCom to Acquire Brooks Fiber Properties in \$2.9 Billion Tax-Free Transaction*, Oct. 1, 1997.

⁶⁹P. Farhi, *WorldCom Rising Fast by Acquisitions*, Washington Post, Oct. 2, 1997, at A1. Two weeks later, GTE made an all-cash bid for MCI worth \$28 billion. GTE Press Release, *GTE Corporation Proposes Merger with MCI in Transaction Valued at \$28 Billion*, Oct. 15, 1997.

⁷⁰Brooks Fiber Press Release, *WorldCom to Acquire Brooks Fiber Properties in \$2.9 Billion Tax-Free Transaction*, Oct. 1, 1997. MFS expects to be operational in 50 cities by the end of 1998. Brooks Fiber, Company Profile, http://www.brooks.net/site_3/about_brooks.html (downloaded Oct. 13, 1997); see also Brooks Fiber Press Release, *Brooks Fiber Reaches Goal of Thirty Cities*, Oct. 17, 1996 (Brooks Fiber apparently reached this goal with the addition of Stamford, Connecticut to its roster of cities).

⁷¹Brooks Fiber Press Release, *Brooks Fiber to Offer Telecommunications Choice in White Plains, New York; Company Will Compete with NYNEX*, Aug. 22, 1996. According to the company, it will be 28 route miles in length with 3 rings (downtown, western, and eastern). The downtown ring will connect long distance carriers such as MCI and AT&T, several BA-NY central offices, and many major customer locations. The western ring will connect to office parks and universities through Greenburgh, Tarrytown, and Elmsford. The eastern ring will go through Harrison and connect universities, corporate headquarters locations, and office parks. Brooks Fiber Press Release, *Brooks Fiber Plans White Plains Network*, Sept. 1996.

⁷²Brooks Fiber Press Release, *Brooks Fiber to Develop Telecommunications Networks in Minneapolis, St. Paul and Long Island*, Business Wire, Feb. 10, 1997. The company proposes to provide businesses, schools, hospitals, and institutions with a "full-range of state-of-the-art telecommunications services."

⁷³Brooks Fiber to Develop Telecommunications Networks in Minneapolis, St. Paul and Long Island, Business Wire, Feb. 10, 1997.

largest long distance provider, is already competing in the New York local exchange market. The company has announced a diverse entry strategy and has stated plans to resell as a "transition strategy" and then migrate residential and business customers "to facilities-based systems, by installing switches and using a combination of MCI's facilities and unbundled network elements."⁷⁴ The company has stated that it is presently reselling local service to residential subscribers in the New York metro area.⁷⁵

40. MCImetro and BA-NY signed an interconnection agreement covering New York in September 1997.⁷⁶ Observers believe that MCI is targeting markets "where the incumbents are subject to more pro-competitive conditions."⁷⁷ MCI officials have stated that MCI will go "where the regulatory climate is the friendliest," and that the conditions to the merger of Bell Atlantic and NYNEX adopted by the FCC were "perhaps the most important" recent pro-competitive regulatory development.⁷⁸ Observers have interpreted these statements to indicate that MCI will target Bell Atlantic's local markets first.⁷⁹

⁷⁴Jonathan B. Sallet, Chief Policy Counsel for MCI, Letter to Reed Hundt, FCC Chairman, Nov. 16, 1996. Bert Roberts, Chairman of MCI, summarizes his company's approach: "[w]e have a variety of ways to pursue the vast local market, including partnering with other companies to construct and use an alternative network. We can also enter into discounted resale agreements with the RBOCs. Finally, we have the resources of MCImetro." MCI, 1995 Annual Report 2 (1996).

⁷⁵MCI, MCI Offers Simplicity and Savings for New Yorkers, <http://www.mci.com/aboutus/products/local/NY.shtml> (downloaded Oct. 13, 1997).

⁷⁶This agreement was approved by the NYPSC on October 1, 1997.

⁷⁷MCI, *BT Revise Merger Terms, Shift Strategy For Local Entry*, Communications Today, Aug. 25, 1997.

⁷⁸MCI, *BT Revise Merger Terms, Shift Strategy For Local Entry*, Communications Today, Aug. 25, 1997.

⁷⁹See, e.g., Clay Harris, Alan Cane, Tracy Corrigan, *MCI Cuts Price to Save BT Deal: Group's Fear of Litigation Prompts 15% Reduction*, Financial Times (London), Aug. 23, 1997, at 1; MCI, *BT Revise Merger Terms, Shift Strategy For Local Entry*, Communications Today, Aug. 25, 1997.

41. MCI established MCImetro, its wholly-owned subsidiary, to be a "full-service local telephone company."⁸⁰ The company has been offering facilities-based local services to business customers in the New York metro area since the spring of 1996,⁸¹ and reportedly began reselling to residential customers in Manhattan in August 1997.⁸² According to publicly available sources, the carrier has 3 local switches⁸³ and 4 interexchange POPs in the New York metro area, and 6 other POPs scattered throughout the state.⁸⁴

42. The combination of WorldCom, Brooks Fiber, and MCI would result in a company with annual revenues in excess of \$27 billion and a customer base in New York estimated at 2 million.⁸⁵ Together, the companies have local exchange operations in 67 cities.⁸⁶ **Goldberg Exhibit 9.** In addition, as discussed above, WorldCom has recently agreed to acquire

⁸⁰*MCI Details Local Plans*, Information Week, May 2, 1994, at 18.

⁸¹George Mannes, *MCI Makes Call for NYNEX Territory*, Daily News (New York), Feb. 7, 1997, at 71. MCI now reportedly sells service to businesses over its own SONET ring-based fiber optic digital network in 21 cities, including Atlanta, Chicago, Los Angeles, New York, and Seattle. Carolyn Hirschman, *The Big Three*, Telephony, June 2, 1997.

⁸²Seth Schiesel, *MCI Enters Local Call Market in New York Area*, N.Y. Times, Aug. 9, 1997, at 1. MCI recently announced plans to extend its local service to customers in Brooklyn, Queens, and portions of Westchester and Nassau Counties. *MCI Adds 6 Cities to Local Telephone Service Plan*, Dow Jones News Service, Feb. 6, 1997.

⁸³*LERG*.

⁸⁴*CCMI*.

⁸⁵The estimated revenue of the combined company for 1997 is \$27.9 billion. Peter Elstrom, *The New World Order*, Business Week, Oct. 13, 1997, at 26. As of December 31, 1996, there were 11,562,379 presubscribed lines in New York. FCC, 1996 Preliminary Statistics of Common Carriers, at Table 2.3 (June 1996). In 1996, MCI served 15 percent of presubscribed lines nationwide; WorldCom served 3 percent. Ind. Anal. Div., FCC, Long Distance Market Shares, Second Quarter 1997, at Table 3 (Oct. 1997).

⁸⁶Seth Schiesel, *WorldCom Fancies Itself Muffler of the Local Bells*, N. Y. Times, Oct. 13, 1997, at D5 ("Think Globally, Act Locally" graphic).

CompuServe and ANS, America Online's Network Services company.⁸⁷ As a result of the proposed merger with MCI, WorldCom would control 3 of the 5 backbone networks that together reportedly handle 80 percent of the nation's Internet traffic.⁸⁸

TCG

43. TCG (formerly Teleport) was founded in 1985 as the first local competitor in the country and today describes itself as the "other local phone company" and "the nation's first and largest provider of competitive local telecommunications services."⁸⁹ Begun initially by a partnership between Western Union, Merrill Lynch, and the Port Authority of New York and New Jersey to provide a teleport on Staten Island, TCG was acquired by the cable companies Cox, TCI, Continental, and Comcast in 1992.⁹⁰ In 1991, TCG became the first CLEC to offer switched access services in New York;⁹¹ in 1994, it became the first in New York to offer

⁸⁷WorldCom to Acquire CompuServe and AOL's Network Services Company, ANS Communications, in *\$1.2 Billion Internet Transaction*, PR Newswire, Sept. 8, 1997.

⁸⁸Andrew Bary, *The Trader*, Barron's Online, Sept. 15, 1997. With 3 backbones and half the network access points under its control, commenters have anointed WorldCom "the King of the Internet." Chris Bucholtz, *Peer Fears*, Telephony, May 12, 1997; see also Jared Sandberg, *How One Company Is Quietly Buying Up the Internet*, Wall St. J., Sept. 9, 1997, at B1 ("acquisitions have turned WorldCom into an Internet giant").

⁸⁹TCG Press Release, *TCG-NYNEX Interconnection Agreement to Open New York Area's \$1.5 Billion Dollar Switched Access Market to Competition*, Aug. 22, 1996. TCG received its initial CPCN from the NYPSC in 1985. Order Issuing Certificate of Public Convenience and Necessity and Approving Related Waivers, Petition of Teleport Communications for a Certificate of Public Convenience and Necessity to Provide InterLATA and IntraLATA Common Carrier Communications Services within the State of New York, Case 28891 (NYPSC Jan. 7, 1985).

⁹⁰Continental is required to divest its 11.5 percent interest by the end of 1998 in order to complete its merger with U S West. In late 1996, TCG agreed to purchase the remaining 75 percent (that it did not already own) of Eastern Telelogic for \$233 million. *Connecticut Research* at 279. TCG also recently purchased BizTel Communications, a 38-GHz wireless provider with licenses in 48 states, including New York. *Teleport Adds Wireless Capability to its Entrenched Fiber Network*, Fiber Optics News, Mar. 24, 1997.

⁹¹Paul Keleher, *Local Exchange Competition: Are Users Ready for Another Divestiture?*, Telecommunications, Dec. 1994, at 45.

switched local services.⁹² By September 1997, TCG was reportedly providing service to over 200,000 access lines nationwide, the bulk of them over its own facilities.⁹³ Although New York-specific subscriber figures are not publicly available, TCG reportedly earns 35 percent of its total revenue from its New York metro area operations.⁹⁴

44. According to public sources, TCG has the most extensive CLEC fiber network in the New York metro area, and all 20 of its New York State end office switches are located there.⁹⁵ Its 525 route miles of fiber⁹⁶ place the company's facilities within one-half mile of 98 percent of the businesses on Manhattan. The network also extends east through Brooklyn and Queens to the rest of Long Island, south to TCG's headquarters on Staten Island, and north to White Plains.⁹⁷ TCG's network appears to be within one-half mile of fully 64 percent of all businesses in the New York metro area. **Goldberg Map 8.**

⁹²Judy Temes, *Takeout/Telecommunications*, Crain's New York Business, July 17, 1995, at 19. On August 21, 1996, TCG and BA-NY reached an agreement pursuant to the Telecommunications Act to interconnect their networks. The NYPSC approved the agreement in November 1996. Order Approving Interconnection Agreement, Petition of New York Telephone Company for Approval of an Interconnection Agreement with Teleport Communications Group, Case 96-C-0781 (NYPSC Nov. 25, 1996). The NYPSC has certified TCG to provide local exchange service to residential and business customers in New York.

⁹³Simon Flannery, J.P. Morgan Securities - Equity Research, Teleport Communications Group: Teleport Gave Upbeat Presentation at JPM High Yield Conference; Trimming Estimates, Sept. 5, 1997.

⁹⁴Simon Flannery, J.P. Morgan Securities - Equity Research, Teleport Communications Group: Teleport Gave Upbeat Presentation at JPM High Yield Conference; Trimming Estimates, Sept. 5, 1997.

⁹⁵LERG.

⁹⁶Connecticut Research at 517. This figure includes fiber for the entire New York metro area.

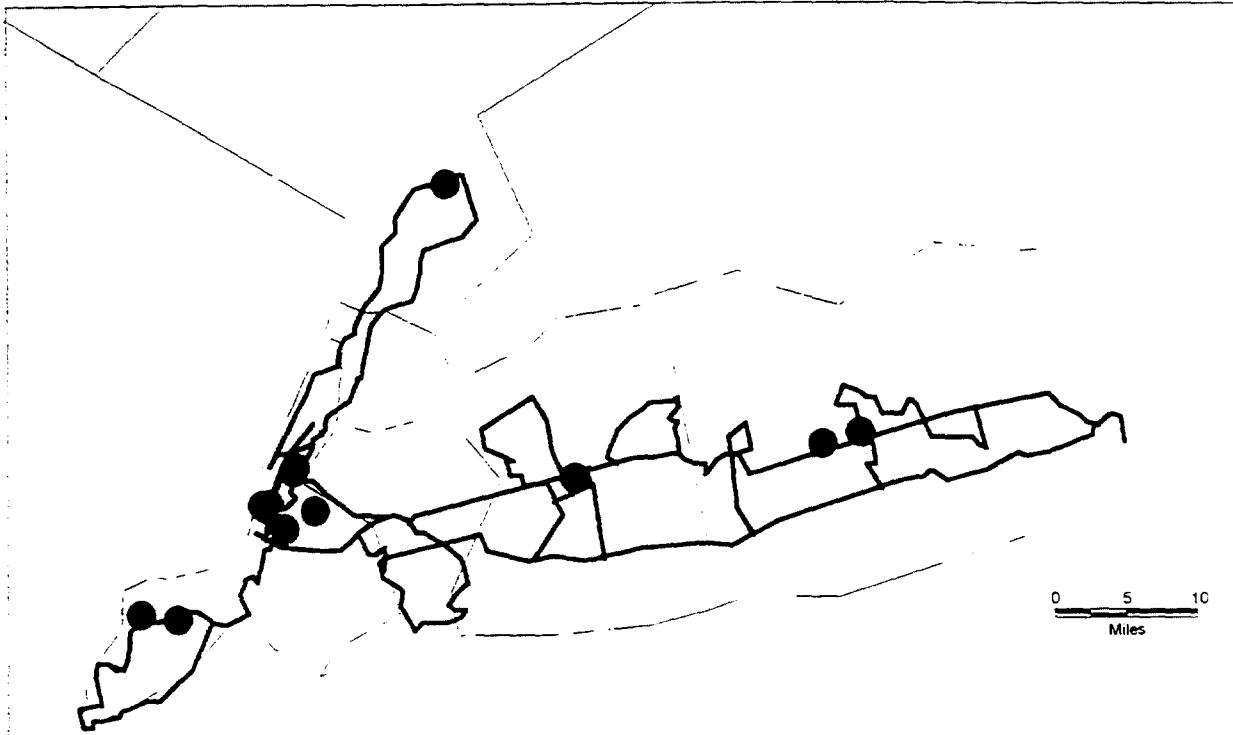
⁹⁷TCG, TCG New York network map, <http://www.tcg.com/tcg/areas/NewYork.html> (downloaded Oct. 24, 1997).

Goldberg Map 8

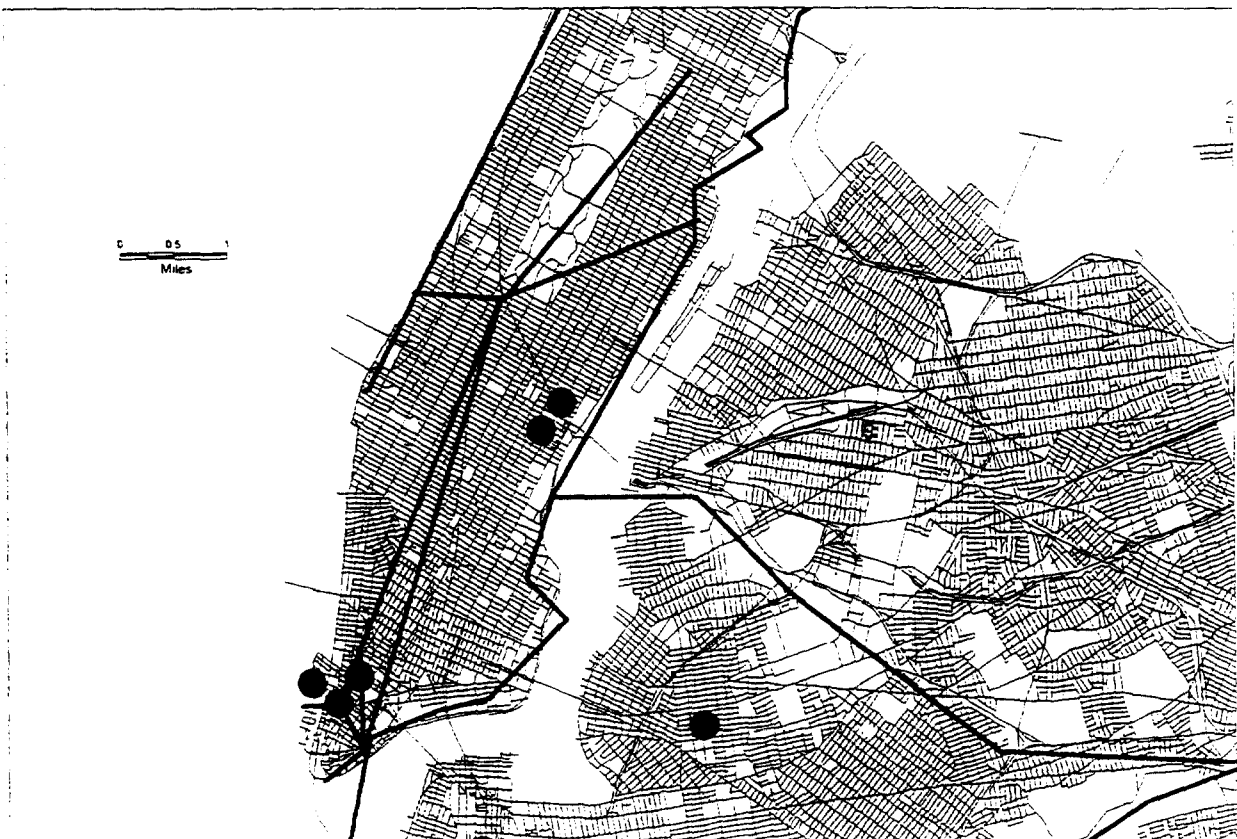
TCG Facilities in New York

New York Metro Area

● SWITCH
— FIBER



Manhattan



RCN/Commonwealth Telephone (C-TEC)

45. In 1986, C-TEC formally changed its name from Commonwealth Telephone⁹⁸ and began expanding its operations to include cable television, cellular, long distance, and engineering and technical services.⁹⁹ In 1993, C-TEC was acquired by RCN, a subsidiary of Peter Kiewit Sons (the once-parent company of MFS).¹⁰⁰ RCN bills itself as the country's largest competitive residential provider of packaged local and long distance telephone, video, and Internet access services over fiber optic networks.¹⁰¹ In the New York metro area, where the company has been selling such services for just over a year, RCN reportedly has signed up 50,000 customers for at least some portion of its bundled service and claims to be adding new subscribers at the rate of 1,000 a week.¹⁰²

46. RCN has been offering local service to business and residential customers in the New York metro area since August 1996¹⁰³ and is said to be providing local service to approximately 5,000 residential customers in Manhattan.¹⁰⁴ The company has in place an

⁹⁸In Notebook, Communications Daily, Mar. 21, 1986, at 7. Commonwealth was founded in 1897. Commonwealth is a traditional landline telephone company that currently serves 240,000 access lines in rural Pennsylvania and boasts 1996 revenues of \$139 million, making it the nation's 13th largest independent telephone company. *C-TEC Corporation to Restructure Into Three Public Companies*, Financial News, Feb. 13, 1997.

⁹⁹B.J. Roberts, Ladenburg, Thalman & Co., Co. Rpt. No. 1609879, C-TEC Corporation, at 3 (June 26, 1995).

¹⁰⁰B.J. Roberts, Ladenburg, Thalman & Co., Co. Rpt. No. 1609879, C-TEC Corporation, at 3 (June 26, 1995). On February 13, 1997, C-TEC Corporation announced a plan to separate its operations into three separate, publicly traded companies — RCN, C-TEC Corporation, and C-TEC Cable Systems of Michigan. These spin-offs are to occur by the end of 1997. C-TEC Corp, 10-K 405, Mar. 31, 1997, at 7-9.

¹⁰¹*C-TEC Corporation to Restructure into Three Public Companies*, PR Newswire, Feb. 13, 1997.

¹⁰²Martha M. Hamilton and Mike Mills, *PEPCO Plans Phone, Web, Cable Service; Joint Venture to Invest Millions to Challenge Local Monopolies*, The Washington Post, Aug. 6, 1997, at A1.

¹⁰³*C-TEC Corporation to Restructure into Three Public Companies*, PR Newswire, Feb. 13, 1997.

¹⁰⁴Mark Landler, *Monopolies Still Rule the Local Phone Markets*, N. Y. Times, May 22, 1997, at D1.

interconnection agreement with BA-NY¹⁰⁵ allowing RCN to provide service to both residential and business customers throughout the state.¹⁰⁶

47. Publicly available information indicates that RCN's facilities in the New York metro area include 4 switches.¹⁰⁷ The company reportedly leases fiber and transmission facilities from MFS/WorldCom.¹⁰⁸ RCN acquired 80 percent of Liberty Cable in April, and claims to be building its own \$200 million network in the New York metro area to enable it to carry more of its own traffic.¹⁰⁹ With its purchase of Liberty, RCN was able to string fiber optic cable to the 200 apartment buildings to which Liberty previously provided cable service.¹¹⁰ RCN has revealed that it has approval from landlords to wire buildings in Manhattan containing 35,000 more potential customers.¹¹¹

ACC

48. ACC National Telecom Corp. (ACC) is an international telecommunications holding company with headquarters in Rochester, New York. The company claims to be providing local exchange services, at least partially over its own facilities, in Albany,

¹⁰⁵RCN (C-TEC) signed an interconnection agreement with BA-NY dated October 15, 1996, which the NYPSC approved on February 5, 1997.

¹⁰⁶RCN has informed the NYPSC that it intends to offer "competitively priced, superior quality telecommunications services" in New York. Application of Residential Communications Network of New York, Inc. for a Certificate of Public Convenience and Necessity, at 2 (NYPSC Jan. 14, 1994).

¹⁰⁷LERG.

¹⁰⁸Connecticut Research at 488. The leased network runs along major avenues and cross streets south of 110th Street.

¹⁰⁹Mark Landler, *Cable Concern Plans a Fight Against NYNEX*, N. Y. Times, July 10, 1996.

¹¹⁰Mark Landler, *Cable Concern Plans a Fight Against NYNEX*, N. Y. Times, July 10, 1996.

¹¹¹Mark Landler, *Cable Concern Plans a Fight Against NYNEX*, N. Y. Times, July 10, 1996.

Binghamton, Buffalo, Rochester, and Syracuse.¹¹² Although the company is not required to reveal subscriber levels, public sources estimate that ACC presently serves 700 access lines in Albany, 1500 in Buffalo, and 1700 in Syracuse.¹¹³

49. BA-NY is currently negotiating the terms of an interconnection agreement with ACC.¹¹⁴

50. ACC appears to have recently completed an aggressive expansion (while reporting record profits) that includes the installation of an advanced switching center in Manhattan. The center was constructed in part to provide local services to residential and business customers in New York City.¹¹⁵ In addition to the Manhattan switch, ACC operates one switch in Albany and 2 in Buffalo.¹¹⁶ At present, ACC appears to lease its interoffice trunks from incumbent local carriers including BA-NY and Frontier.¹¹⁷ **Goldberg Map 9.**

¹¹²Joint Petition of ACC Long Distance Corporation and its Affiliates for Authority to Issue Debt, Case 95-C-0120 (NYPSC Feb. 6, 1995).

¹¹³*Connecticut Research* at 191.

¹¹⁴ACC has informed the NYPSC that it will "construct its own transmission and switching facilities utilizing fiber optics, microwave, copper cables, digital, analog, and other technologies," in addition to reselling services and unbundled network elements. Petition For a Certificate of Public Convenience and Necessity In Re ACC Binghamton Telecom Corp.'s Petition for a Certificate of Public Convenience and Necessity to Operate as a Reseller and Facilities-Based Provider of Telephone Services Under Section 99 of the Public Service Law at 2 (NYPSC Dec. 8, 1993).

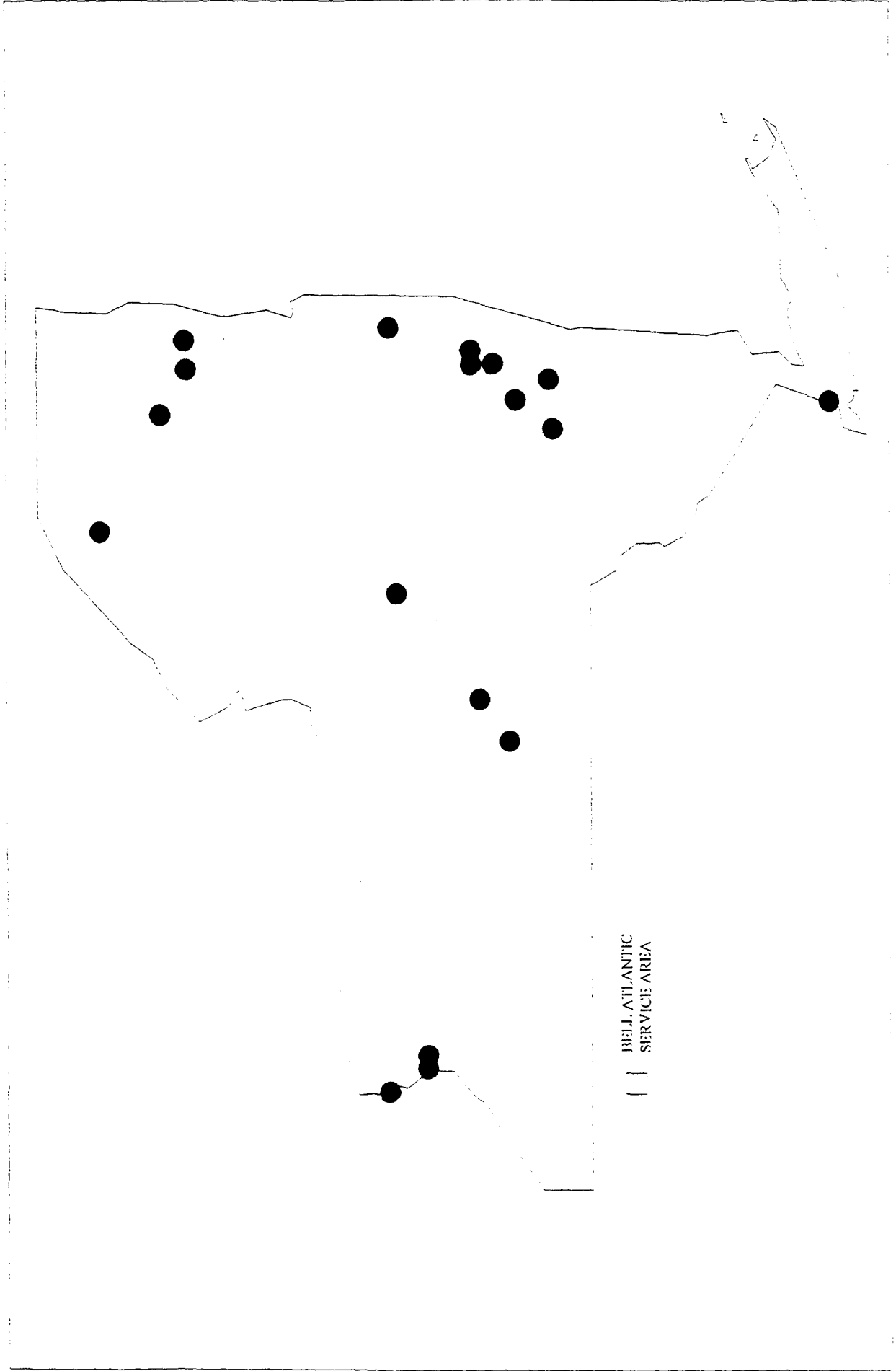
¹¹⁵ACC Press Release, *ACC to Open Switching Facility in Manhattan for Local and International Phone Service*, Jan. 20, 1997. ACC also has announced plans to install local switching equipment in White Plains, New York, which makes it among the first telecom firms to go statewide. ACC Corp, Securities Exchange Commission 10Q Filing, Nov. 18, 1996 at 18-19.

¹¹⁶*LERG*.

¹¹⁷Mary Morgan, *ACC Begins to Presell Local Telephone Service*, Rochester Business Journal, Aug. 30, 1996, at 1. In December 1995, ACC announced a \$2 million expansion of its local switching facilities to accommodate accelerating growth in its upstate New York local telephone service operations. *Strong Demand for ACC Local Telephone Services Prompts \$2 Million in Switch Additions*, PR Newswire, Dec. 19, 1995.

Goldberg Map 9 ACC Facilities in New York

● SWITCH



Cablevision

51. Cablevision is a major cable operator in New York State; its operations on Long Island help make it the second largest operator in the state, according to some sources.¹¹⁸ The company reportedly is using its Long Island cable facilities, and those of its wholly-owned subsidiary, Cablevision Lightpath, to provide local exchange service to more than 600 business customers on Long Island.¹¹⁹ In July, Cablevision announced the introduction of a low-cost residential telephone service, called Optimum Telephone, available to approximately 4,400 households in 7 Long Island communities.¹²⁰

52. Cablevision signed an interconnection agreement with BA-NY in August 1997.¹²¹ According to the LERG, the company has 6 switches¹²² in place in the New York metro area.

¹¹⁸Cablevision's service area covers virtually all of Long Island and includes parts of Brooklyn and the Bronx as well as the Westchester communities of Yonkers, Harrison, Port Chester, and Yorktown Heights. Cablevision serves approximately one million customers in New York. *Connecticut Research*, at 18; Warren Publishing, *Television & Cable Factbook*, D-1141 - D-1200 (New York Cable Systems) (1996 ed.). It also recently bought TCI's network in the New York metro area. Cablevision Press Release, *Cablevision To Acquire TCI Systems Serving 820,000 New York-Metro Area Customers In Stock Transaction*, June 9, 1997.

¹¹⁹Cablevision Press Release, *Cablevision Introduces Residential Telephone Service on Long Island*, July, 24, 1997.

¹²⁰Cablevision Press Release, *Cablevision Introduces Residential Telephone Service on Long Island*, July, 24, 1997.

¹²¹The NYPSC approved it October 14, 1997. Cablevision was approved in 1993 to offer local exchange services to business and residential customers in New York. See Order Approving Tariff Filing on a Temporary Basis, Case 95-C-0209 (NYPSC May 5, 1995).

¹²²LERG.

53. In addition to its cable plant, which passes some 1.7 million homes on Long Island,¹²³ Cablevision has installed 845 route miles of fiber across Long Island.¹²⁴ The fiber passes 12 percent of the businesses in the suburbs of Manhattan. The company also has a 49 percent interest in Northcoast, a wireless provider that owns four 10-MHz PCS licenses in New York, including the licenses covering the New York metro area and Syracuse.¹²⁵ **Goldberg Map 10.**

¹²³Warren Publishing, *Television & Cable Factbook*, D-1141 - D-1200 (New York Cable Systems) (1996 ed.).

¹²⁴*Connecticut Research* at 263; Cablevision promotional material, Long Island's Electronic Superhighway Fiber Optic Network and Hub Locations, 1993.

¹²⁵J. W. Frees, *Fledgling N.Y. Company Wins Local Wireless License*, Business Dateline, Business First-Columbus, Jan. 24, 1997, at 9. John Dolan is the head of Northcoast Operating Company, the wireless company owned by Cablevision. G. Fabrikant, *As Wall Street Groans, A Cable Dynasty Grows*, N.Y. Times, Apr. 27, 1997, at 1. John Dolan is also the nephew of Charles Dolan, the CEO of Cablevision, and before starting Northcoast, was director of wireless services at Cablevision Systems. E. L. Andrews, *Phone Auction Bidder Reports Aid From Big Cable Executive*, N.Y. Times, Mar. 9, 1996, at 38.